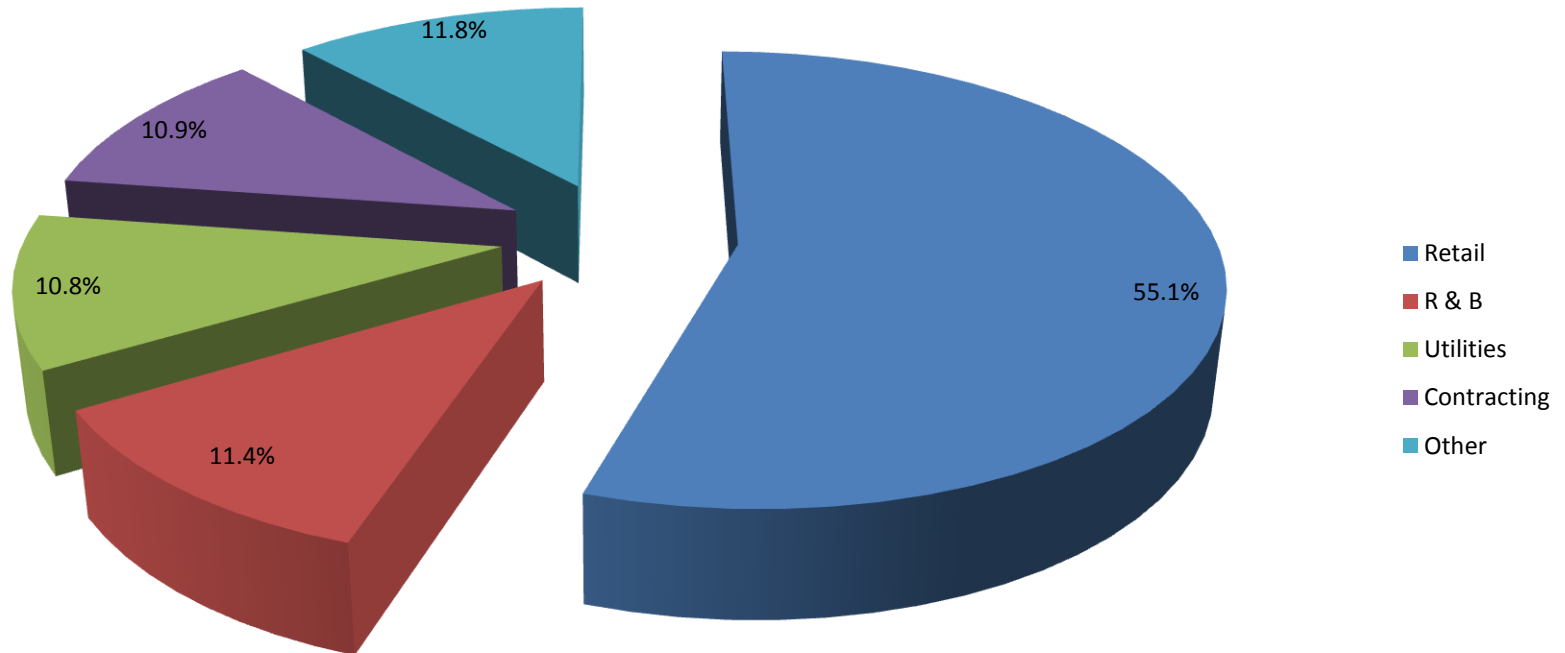


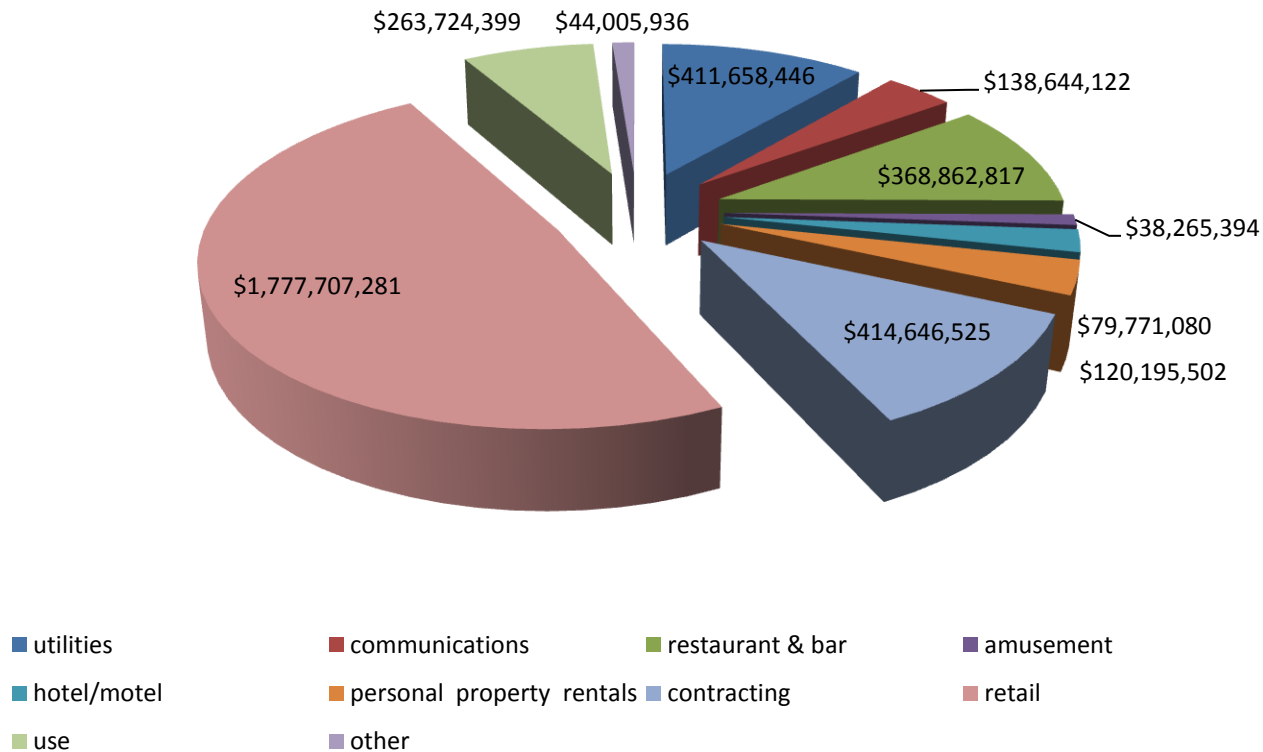
# Transaction Privilege Tax 101

FY12 Components of TPT



# Transaction Privilege Tax 101

## FY12 TPT, Use and Severance Tax Contributions to the General Fund



# Transaction Privilege Tax 101

## Local taxes

- In FY12, of the \$7.3 billion the Department collected in TPT, Severance and Use Tax, \$1.1 billion was in local taxes on behalf of counties and program cities.
- There are currently 28 active general county taxes; 4 surcharges and 2 different types of hotel/motel taxes.
- Legislative authorization exists for more county and special district taxes that have not yet been initialized.

# Transaction Privilege Tax 101

## Program and Non-Program Cities

- Of the 91 incorporated cities, DOR collects the municipal taxes for 73 program cities.
- In FY12, DOR collected \$473 million for program cities
- The non-program cities collect their own taxes or contract with a third party to collect on their behalf.
- The non-program cities are as large as the City of Phoenix and as small as the City of Willcox.
- In FY11, nearly \$1.6 billion in municipal taxes was collected by non-program cities, as reported to DOR.

# Transaction Privilege Tax 101

## TPT Revenue Sharing

- From the state base rate\* the counties and the cities receive TPT Revenue Sharing
- The TPT Revenue Sharing comes from the Distribution Base Pool, which is comprised of contributions made from taxes collected within the several categories
- Each category contributes a statutorily specified share to the Pool

\*5% for most transactions

# Transaction Privilege Tax 101

- For example, the Retail classification contributes 40% of the 5% base rate to the Distribution Base Pool
- Prime Contracting contributes 20%
- Use Tax does not contribute to the Pool
- Contribution rates for the other major categories are as follows: Utilities and Communications, 20%; Restaurants & Bars and Amusements, 40%; and Transient Lodging, 50%

# Transaction Privilege Tax 101

- Counties receive 40.51% of the Pool via TPT Revenue Sharing
- Cities receive 25%,
- The State General Fund receives 34.49%

# Transaction Privilege Tax 101

- Each city currently receives their proportionate share based on that city's population as a share of the total incorporated statewide population
- The County formula is more complicated and utilizes the following factors:
  - Point of Sale
  - Population
  - Secondary Property Valuation



# Transaction Privilege Tax 101

- In FY12, the Distribution Base Pool was \$1.57 billion
- Counties received \$636 million
- Cities received \$392 million

# Transaction Privilege Tax 101

## Special Districts

- Currently in place are special districts for
  - Native American Reservations
  - Sports and Tourism Authority (Cardinals Stadium)
  - Rio Nuevo
  - Phoenix International Raceway (PIR)
- Theme Park and Manufacturing Facility districts are authorized by statute but not in use yet

# Transaction Privilege Tax 101

## Special Districts

With the exception of PIR, tax collections in any of the Districts listed need to be reported separately by the taxpayer for that District, so that some or all of the state tax collections from that site may be directed to the recipient named in statute. Examples: Navajo Tribal College, Sports & Tourism Authority, Rio Nuevo